

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0877.1

SB 215-FN-A, *establishing an option to rebate the research and development tax credit against the business profits tax.*

Senate Ways & Means Committee

This bill would establish an option for taxpayers to elect to receive a rebate of the Research and Development tax credit instead of applying the credit as an offset of tax liability. Under this bill a taxpayer may elect to receive a rebate equal to 65% of the final amount of the tax credit awarded by the Commissioner instead of offsetting their business tax liability. Instead of utilizing the tax credit and pushing the reduction of revenues out into the near future, this bill requires the State to make an actual expenditure. The payment of rebates would incur an immediate expense, but it would also serve to reduce future revenue losses, wherein the rebate is for 65% of the tax credit award. The amount of any such savings is indeterminable because the Department of Revenue Administration does not know how many taxpayers might participate in the rebate portion of the Research and Development Tax Credit Program.

This bill would take effect on July 1, 2015 and apply to taxable periods ending after June 30, 2015. The Department notes the technical and mechanical defect in the timing and applicability. For those taxpayers who apply for the credit after July 1st, they file for the credit with taxable periods *ending on or after* June 30, 2015. Provided the issue of being applicable to taxable periods ending after June 30, 2015 is addressed, the taxpayers would apply for the credit or rebates from July 1, 2015 to June 30, 2016 and the credits would be awarded in August 2016 with the rebates paid by December 31, 2016. Thus, the first fiscal impact could be in FY2017.

The Department notes that new forms would need to be created by July 1st in order for the rebate program to be implemented.

The Department also notes, that, mechanically, there is no need for Section 3 of the bill as the Department is already authorized to share statistics and unless specified, the Department would not disclose the names of any taxpayers who participated in the program. Such disclosure would be a violation of RSA 21-J:14, Confidentiality of Department Records.

This bill could be administered by the Department without any additional cost provided an appropriation was made to pay for the rebates of any tax credits.